

Fiscal Note

State of Alaska
2023 Legislative Session

Bill Version: HB 22
Fiscal Note Number: _____
() Publish Date: _____

Identifier: HB022-DOA-DRB-1-27-23
Title: PEACE OFFICER/FIREFIGHTER RETIRE
BENEFITS
Sponsor: JOSEPHSON
Requester: H(CRA)

Department: Department of Administration
Appropriation: Centralized Administrative Services
Allocation: Retirement and Benefits
OMB Component Number: 64

Expenditures/Revenues

Note: Amounts do not include inflation unless otherwise noted below. (Thousands of Dollars)

	FY2024 Appropriation Requested	Included in Governor's FY2024 Request	Out-Year Cost Estimates				
			FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
OPERATING EXPENDITURES	FY 2024	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Personal Services	478.1		478.1	220.6	220.6	220.6	220.6
Travel	16.0		16.0	16.0	16.0	16.0	16.0
Services	671.6		40.1	40.1	40.1	40.1	40.1
Commodities	30.0		2.0	1.0	1.0	1.0	1.0
Capital Outlay							
Grants & Benefits							
Miscellaneous							
Total Operating	1,195.7	0.0	536.2	277.7	277.7	277.7	277.7

Fund Source (Operating Only)

1029 PERS Trust (Other)	1,195.7		536.2	277.7	277.7	277.7	277.7
Total	1,195.7	0.0	536.2	277.7	277.7	277.7	277.7

Positions

Full-time	2.0						
Part-time							
Temporary	2.0			(2.0)			

Change in Revenues

None							
Total	0.0						

Estimated SUPPLEMENTAL (FY2023) cost: 0.0 *(separate supplemental appropriation required)*

Estimated CAPITAL (FY2024) cost: 0.0 *(separate capital appropriation required)*

Does the bill create or modify a new fund or account? No
(Supplemental/Capital/New Fund - discuss reasons and fund source(s) in analysis section)

ASSOCIATED REGULATIONS

Does the bill direct, or will the bill result in, regulation changes adopted by your agency? Yes
If yes, by what date are the regulations to be adopted, amended or repealed? TBD

Why this fiscal note differs from previous version/comments:

Revised to include updated costs of programming changes to computer systems to include a new defined benefit tier.

Prepared By: <u>Ajay Desai</u>	Phone: (907)465-4471
Division: <u>Retirement & Benefits</u>	Date: 01/27/2023 12:00 PM
Approved By: <u>Leslie Isaacs, Administrative Services Director</u>	Date: 02/03/2023
Agency: <u>Department of Administration</u>	

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2023 LEGISLATIVE SESSION

BILL NO. HB 22

Analysis

This fiscal note details the anticipated operational fiscal impacts associated with this bill. The Division of Retirement and Benefits (DRB) anticipates fiscal impact to Public Employees' Retirement System (PERS) trust, however that impact is discussed in a separate fiscal note.

This bill proposes to open the Public Employees' Retirement System (PERS) Benefit Plan by adding a new benefit tier for peace officers and firefighters. New employees will be enrolled into the defined benefit plan and existing PERS P/F DCR members will be allowed an opportunity to convert to the new defined benefit tier.

DRB will require two non-permanent employees, an Accountant III and a Publications Specialist III (personal services) plus computer, phone, cubicle, supplies (commodities) for the first two fiscal years to complete the preparation work to account for the participant contributions and produce new program literature and forms. DRB will also require two permanent employees, a Retirement and Benefits Specialist II and a Retirement and Benefits Technician II (personal services) plus computer, phone, cubicle, supplies (commodities) to provide member counseling support and to process required documents.

The Division will incur costs related to contracted actuarial consultants to support establishment of the new tier and to advise on ongoing management activities, support from the Department of Law for legal and regulatory review, and will need to reprogram its computer systems, program a plan comparison tool for employees and print/post online the necessary documents and election forms for the inception of the new tiers as well as update existing publications (services). These costs are anticipated to largely accrue when the program is first established, however some consulting and legal support services will be ongoing.

Education to employers will be required to properly electronically report service and salaries of new employees and existing employees of the PERS DCR Plan that elect to convert. Education to employees will be required for PERS DCR employees to make an informed decision during the election period and for new members of the new tier which will require travel to employer worksites (travel).

The Department would need to update regulations as a result of the passage of this bill. The timing of these regulations would be determined by the effective date of the bill.